

2006 JUN -8 PM 7:55

CITY OF OAKLAND

Agenda Report

To: Office of the City Administrator
Attn: Deborah Edgerly
From: Community and Economic Development Agency
Date: June 13, 2006

Re: **A Supplemental Report with a Request for Input and Action Regarding the Fiscal Year 2006-2007 Oakland Workforce Investment Board (WIB) Budget as Developed by the Oakland WIB Executive Committee on June 8, 2006:
A Resolution Amending Resolution No.79474 C.M.S. to Allocate an Additional \$575,000 in Workforce Investment Act Funds to the Oakland Private Industry Council, Inc. for One Stop Career Center Operations for Fiscal Year 2005-2006 to Support Workforce Development Programs as Budgeted by the Oakland Workforce Investment Board**

SUMMARY

During the May 25, 2006 Rules Committee meeting, staff was directed to prepare a Supplemental Agenda Report on the Fiscal Year 2006-2007 Oakland Workforce Investment Board (WIB) budget as developed by the Oakland WIB Executive Committee on June 8, 2006. Staff presented a draft budget to the Executive Committee, summarized on **Attachments A - E**. The Executive Committee voted to adopt the budget as presented.

FISCAL IMPACT

The WIB Budget includes a twelve percent reduction in Workforce Investment Act funding for the WIB staff.

KEY ISSUES AND IMPACTS

Faced with a twelve percent reduction in Workforce Investment Act Formula Funding, staff acknowledged that the Oakland Workforce Investment Board would not accept a budget that called for deep cuts in certain program areas without sharing some of the burden of the reduced funding. The impact is that the Workforce Development Unit may not be able to fill a staff position that is currently vacant.

RECOMMENDATIONS AND RATIONALE

Staff recommends that the CED Committee provide input to the Oakland Workforce Investment Board on the budget approved by its Executive Committee. The full Board meets on June 22, 2006

Item: _____
CED Committee
June 13, 2006

to consider the budget. The City Council's input is time critical to ensure that both policy bodies are in agreement about the FY 2006-2007 WIB budget.

ACTION REQUESTED OF THE COUNCIL

Staff requests that the CED Committee provide input and take whatever actions needed to convey its message to the full Workforce Investment Board regarding the budget approved by the WIB Executive Committee.

Respectfully submitted,



for

DANIEL VANDERPRIEM

Director of Redevelopment, Economic
Development and Housing

Prepared by: Al Auletta
Manager, Workforce Development Unit
CEDA

- Attachments: A) Revenue Projections
B) Proposed Budget
C) Allocation Comparison
D) Program Efficiencies

APPROVED AND FORWARDED TO THE
CED COUNCIL


Office of the City Administrator



Workforce Investment Board

Reaching Business

MEMORANDUM

TO: Oakland WIB Executive Committee
FROM: Al Auletta
DATE: June 8, 2006

RE: Fiscal Year 2006-2007 WIB Budget

OVERVIEW

This packet represents the WIB staff's first cut of a budget that presents and number of challenges and opportunities. Staff based many of its draft budget decisions on the principles and mandates of the Budget Development Workgroup and on the assumption that the Board will continue to focus on increasing the quality and quantity of services for job seekers, as well as on meeting the needs of our employer customers.

To facilitate the budget development process, we have modified the projected revenue and recommended expenditure spreadsheets to reflect Workforce Investment Act funds and direct matching funds that are at the discretion of the WIB. We also added a new section on the Estimated Revenue spreadsheet for in-kind match from the Oakland PIC and the City totaling \$517,245. These resources would enhance and expand services, but do not have a direct bearing on the Proposed Budget line items.

Compared to FY 2005-2006, projected WIA Formula funds are estimated to be 12% less for FY 2006-2007. To develop the draft budget, staff began by applying an across-the-board 12% cut from full funding requests for FY 2006-2007, and then went back to

restore direct service line items.¹ In accordance with the proposal accepted by the WIB on May 18th, we created a new line item for \$375,000 to go out to competitive bid to provide services for formerly incarcerated clients and young adults transitioning from foster care. The \$375,000 came from the Oakland PIC's One Stop Career Center allocation and can be restored in part or in full should the City Council accept the WIB's request to decide on the source of the funds. The City Council will consider this request during the June 13th Community and Economic Development Committee and the June 20th City Council meetings, during which the Council may also provide additional input regarding the FY 2006-2007 WIB budget.

In terms of service levels, this draft budget projects serving 7,000 Universal clients, 384 new Adult and Dislocated Worker Intensive Services clients, and 260 new in-school and out of school youth clients.

BUDGET PRIORITIES, PRINCIPLES AND PRACTICALITIES

The Budget Development Workgroup convened by the WIB Chair came up with two sets of recommendations as follows with staff comments:

Set One

1. Establish a formal mid-cycle budget review process that includes a detailed assessment of actual revenues and expenditures and appropriate adjustments.

In light of uncertainty of some of the revenue projections, staff believes it is imperative that the WIB establish a formal mid-year review process.

2. Maintain if not increase the level of funding for business services, approved at \$50,000 from WIA allocations in the 2005-06 budget.

Given the significant reduction in WIA funding and Enterprise Zone voucher processing fees, maintaining the \$50,000 to support our business services system may be the best we can achieve.

3. Establish a process for getting input from the City Council regarding its workforce development budget priorities before the WIB adopts its final budget.

This is in place. Staff is scheduled to go before the Community and Economic Development Committee on June 13th and the full City Council on June 20th.

¹ Staff eliminated the allocation for Construction Trades Outreach given the Port's inability to support half of the function.

Set Two

- A. Commit to getting for a greater percentage of the total WIB budget into direct services.

This is a commonly accepted goal and in many respects goes to a number of critical issues, including Oakland's administrative structure, strategic program and fund development, and program efficiencies.

- B. Continue to request that the City reinstate its contribution to staffing the WIB.

This has been an ongoing process, with new requests recently submitted by staff and the WIB Chair.

- C. Reduce the level of overhead costs in the City's WIA allocations.

The draft budget shows a 12% reduction in the City's FY 2006-2007 baseline budget.

- D. Work to leverage additional resources to support our workforce development system and services.

In an environment of diminishing funding opportunities and the growing need for resources, it is common to find partner agencies competing against one another. Staff recommends that the Youth Council and Business Services and One Stop Leadership Committees identify specific initiatives and lead/ partner organizations that are best positioned to implement those initiatives. WIB staff can then align its resources to provide technical and grant writing support.

- E. Reduce the level of overhead costs in the System Administrator's WIA allocations.

During its April 6, 2006 meeting, the full WIB adopted the Workgroup's recommendations with the exception of this item. The WIB did subsequently adopt a motion to look at all non-direct service costs when developing the FY 2006-2007 budget. The draft budget shows a 12% reduction in the PIC's request FY 2006-2007 System Administration budget request.

REVENUE ASSUMPTIONS

Overall, the revenue projections in this draft budget are optimistic and thus warrant close consideration. Here is a brief summary of each revenue projection:

WIA Formula Funding: The Department of Labor changed the way it calculates Formula allocations to the states, which has resulted in reduced allocations for California. The State is still not sure exactly how much each Workforce Investment Area will receive and has made baseline allocations with increases or decreases to follow. We are counting on

modest increases based on Oakland’s relatively high unemployment and poverty rates. We are estimating a \$627,000 reduction in combined Youth, Adult and Dislocated Worker Formula funding.

Rapid Response: The \$300,000 figure is a conservative estimate, and is \$126,000 less than what was budgeted last year.

Discretionary Funding (i.e. Tech to Teachers): We are budgeting no discretionary funding for FY 06-07. This is an area where we may meet some of our “Other To Be Developed” revenue category.

Mayor’s Summer Jobs Program: This \$85,000 line item is budget neutral; if we don’t raise the money we don’t commit to spending it.

Unobligated Carry Forward: City staff projection of \$200,000 differs from that of the Oakland PIC, and thus warrants closer scrutiny.

Contractor Match: The \$114,780 reflected in this revenue line item is what the Oakland PIC stated it would raise as a percentage of its allocation to support the One Stop system as the System Administrator.

Other To Be Developed: We’re projecting \$315,220, which can be come in the form of additional Rapid Response funds, a new Discretionary (15%) grant, or some other sources of funding that go directly to off-setting specific expenditure line items in the budget.

Off-Budget Funding: This is a new category of projected in-kind support for our workforce development system and programs, which, if generated, should enhance and expand services. If it is not generated, it will not have a negative impact on the budget.

PROGRAM AND SERVICES RECOMMENDED ALLOCATIONS

The following table summarizes the direct service allocations:

Line Item	Service	Contractor/Vendor	Proposed Amount	Services/Deliverables
6	Employer-based Training (OJT and customized training)	Businesses w/OJT or CT agreements	\$70,400 ²	To serve up to six businesses and 50 under-employed workers.
7	Client-based Training	Eligible Training Providers/other client-directed providers	\$228,800	To upgrade skills of 90 unemployed clients, promote job placement, and serve businesses.

² Employers must match customized training investments dollar-for-dollar, thus doubling the actual amount of customized training resources available to \$140,800.

Line Item	Service	Contractor/Vendor	Proposed Amount	Services/Deliverables
9	EASTBAY Works— Regional One Stop System	Oakland PIC, Alameda County, Contra Costa County, and Richmond WIBs	\$96,800	To support regional One Stop system and develop new programs/funding opportunities.
10	Youth Services— intensive	Lao Family, Scotlan Center, Spanish Speaking Citizens Fdn., YEP	\$800,000	To provide Intensive Services for 155 in-school and 105 out-of-school youth ages 14 – 21.
11	Youth One Stop services— universal	EDD, Lao Family, Scotlan Center, Spanish Speaking Citizens Fdn., YEP	\$125,000	To recruit, screen and orient up to 600 youth during the summer months.
12	Youth wages and Support Services	Numerous vendors	\$519,200	To provide paid work experience and support services for up to 260 youth participants.
14-18	One Stop Career Center Operations	Oakland PIC	\$1,398,972	Serve 5,500 Universal clients and 181 Intensive Services clients; provide Rapid Response and business services for many employers and displaced workers; develop and support customized training and OJTs.
19	One Stop Affiliate Sites	English Center, Lao Family, Unity Council, RTTC, Allen Temple	\$700,000	To provide services for 1,500 Universal and 110 Intensive Services, primarily limited English-speaking clients. Also continues two “Satellite” One-Stop Centers.
20	New programs to be procured	To be procured	\$375,000	Per agreement with City Council, funds to serve 60 formerly incarcerated and/or youth aging out of foster care system
21	Adult/Dislocated Worker Support	Numerous vendors and services	\$132,000	To retain Intensive Services clients and

Line Item	Service	Contractor/Vendor	Proposed Amount	Services/Deliverables
	Services			enable them to complete training and obtain employment.
22	Business and Professional Services	Unknown	\$50,000	System-wide coordination and support for business services and WIB initiatives and priorities.
23	Older Workers Program	City of Oakland	\$140,000	To serve 33 unemployed seniors.

SERVICE LEVELS

Despite the reduction in funding, we are projecting approximately the same levels of service in FY 2006-2007 as we projected for FY 2005-2006. Services for Universal clients should remain at around 7,000 registered clients, which is approximately how many Universal clients will be served this year. New Adult and Dislocated Workers enrollments are projected at 384, compared to 380 this year. New Youth enrollments are projected at 260, compared to 254 this year.

Not included in Exhibit D are the 600 youth we project serving under the Mayor's Summer Jobs Program (MSJP), and the 360 adults and youth (not including the 110 served within MSJP) to be served under new Measure Y funded programs.

CONCLUSION

This is the first formal draft of a complicated budget that we had hoped to introduce to the WIB for review in May. We attempted to develop the draft budget within the guidelines and framework the WIB has provided, and are pleased that we are not looking at reduced levels of service despite a reduction in funding.

As always, we appreciate the time, energy and expertise the members of the WIB dedicate to enabling our service providers to meet the needs of our unemployed, under-employed and business customers.

AGENDA ITEM TRANSMITTAL FORM

Transmittal No. _____ of a total of _____ Transmittals
Time: _____

DATE: June 9, 2006

TO: CITY ADMINISTRATOR

ATTN: Executive Asst. to Asst. City Manager

(Please Print or Type)

FROM: Agency/Dept/Div. CEDA /Economic Development/Workforce Development Contact Person: Al Auletta ext. 3752

- 1. This item is: An Informational Report; No Action Requested A report and Recommendation for a
 Motion Resolution Ordinance

Title of Item A Supplemental Report with a Request for Input and Action Regarding the Fiscal Year 2006-2007 Oakland Workforce Investment Board (WIB) Budget as Developed by the Oakland WIB Executive Committee on June 8, 2006: A Resolution Amending Resolution No.79474 C.M.S. to Allocate an Additional \$575,000 in Workforce Investment Act Funds to the Oakland Private Industry Council, Inc. for One Stop Career Center Operations for Fiscal Year 2005-2006 to Support Workforce Development Programs as Budgeted by the Oakland Workforce Investment Board

- 2. This item is to be placed on the agenda(s) of the City Council for June 13, 2006

- 1. ORA/City Council Regular Agenda 4. ORA/City Council Committee w/oral report same day
- 2. Consent Calendar 5. Other
- 3. ORA/City Council Committee (Specify) CED

- 3. A check indicates that the staff report and support items attached to this form have been reviewed and approved by the City Attorney or, if required, by the Budget Manager, or the City Auditor, as shown by their signatures below (indicate N/A if not applicable):

CITY ATTORNEY: _____ BUDGET OFFICE: _____

CITY AUDITOR: _____

- 1. Cover Letter w/report (Orig. & 2 copies) 3. Resolution, orig. + 9 copies 5. Agreement/contract (3 copies)
- 2. Attachments (specify how many _____) 4. Ordinance, orig. + 9 copies & 6. Other _____
Notice & Digest (orig. + 2 copies)
- This agenda item is NOT complete. (Please specify missing items and when they will be submitted below)

AGENCY DIRECTOR/

DEPT. HEAD SIGNATURE: _____

SPECIAL INSTRUCTIONS: (NOTE: The agenda will be sent to the printer by 3:00 P.M. each THURSDAY after Rules & Legislation Committee review)

(FOR CITY CLERK USE ONLY)

This item is for the agenda and should be placed under the following headings:

- 1. Presentations/Installations 5. Reports from Staff 9. Reports/Reqs from Members of Council
- 2. Public Hearings 6. Introduction of Ordinances 10. Reports from other Agencies
- 3. Written Communications 7. Resolutions 11. Final Passage of Ordinance
- 4. Reports from Commissions & Council Committees 8. Public Hearing w/ Legislation 12. Other _____

Final Disposition of Item: _____

DATE: _____

Estimated 2006-07 Oakland WIB Revenue

Attachment B

FUNDING SOURCES	05-06 Revenue	06-07 Revenue Estimates
WIA Formula Adult	\$ 2,192,078	\$ 1,973,000
WIA Formula Dislocated Worker	\$ 1,871,769	\$ 1,685,000
WIA Formula Youth	\$ 2,215,339	\$ 1,994,000
Rapid Response	\$ 426,284	\$ 300,000
Tech to Teachers	\$ 50,000	\$ -
Mayor's Summer Jobs Program	\$ 85,000	\$ 85,000
Unobligated Carry Forward	\$ 210,269	\$ 200,000
System Administrator Cash Match	\$ -	\$ 114,780
Other To Be Developed	\$ -	\$ 315,220
TOTALS:	\$ 7,050,739	\$ 6,667,000

OFF-BUDGET FUNDING	06-07 Revenue Estimates
System Administrator In-Kind Match	\$ 57,399
Center Operator In-Kind Match	\$ 209,846
City In-Kind Match	\$ 250,000

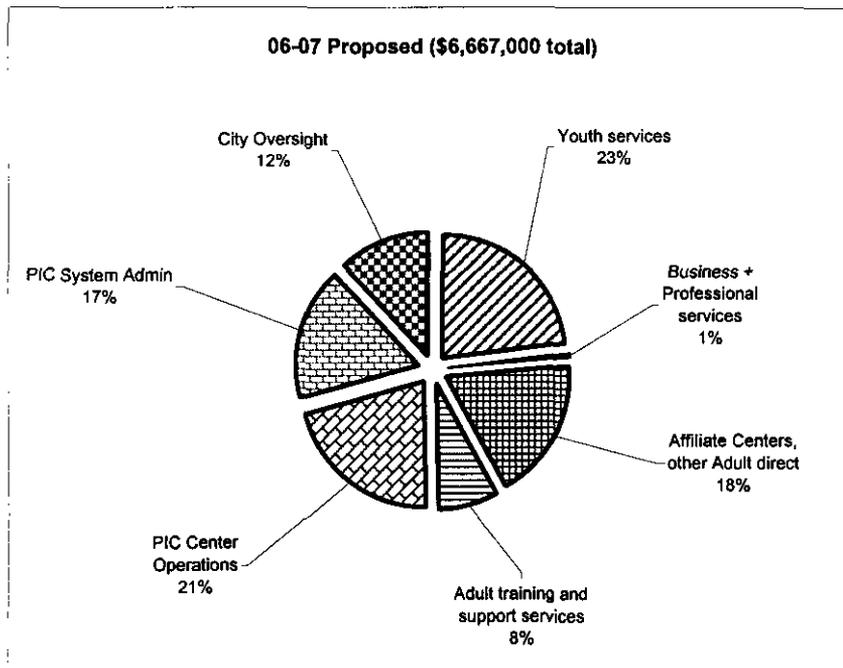
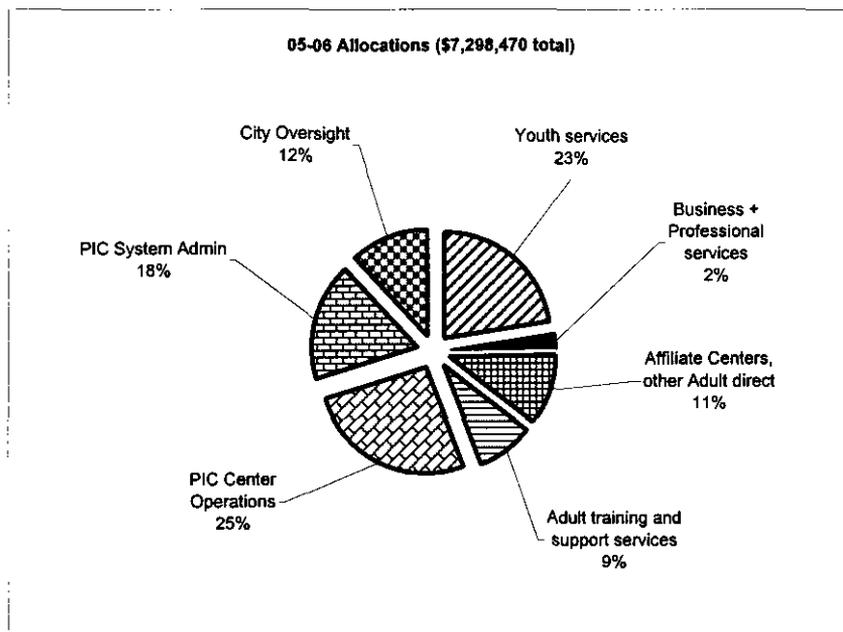
Proposed 2006-07 Oakland WIB Budget

Attachment C

A	B	C	D	E
Ref. #		Full budget requests (not balanced to revenue)	12% uniform cuts	Staff proposed allocations
CONTRACTED SYSTEM ADMINISTRATOR, CENTER OPERATOR AND OTHER FUNCTIONS				
<u>System Administrator</u>				
1	PIC SysAd Personnel	\$637,963	\$561,407	\$561,407
2	PIC SysAd Non-Personnel	\$171,092	\$150,561	\$150,561
3	PIC SysAd Fiscal/Admin Personnel	\$357,066	\$314,218	\$314,218
4	PIC SysAd Fiscal/Admin Non-Personnel	\$65,391	\$57,544	\$57,544
5	PIC Rapid Response Coordination	\$73,006	\$64,245	\$64,245
SUBTOTAL: PIC SYSTEM ADMINISTRATION		\$1,304,518	\$1,147,976	\$1,147,975
6	Training, employer-based (e.g., Customized, OJT)	\$80,000	\$70,400	\$70,400
7	Training, client-based (e.g., ITAs)	\$260,000	\$228,800	\$228,800
8	Construction Trades Outreach	\$45,000	\$39,600	\$0 *
9	EASTBAY Works	\$110,000	\$96,800	\$96,800
10	Youth Subcontracts/Services	\$800,000	\$704,000	\$800,000 *
11	Youth One Stop Services	\$130,000	\$114,400	\$125,000 *
12	Youth Wages and Support Services	\$590,000	\$519,200	\$519,200
SUBTOTAL: YOUTH SERVICES		\$1,520,000	\$1,337,600	\$1,444,200
13	System Administrator Sub-Total, Lines 1-12	\$3,319,518	\$2,921,176	\$2,988,175
<u>One Stop Center Operators</u>				
14	PIC CtrOp Program Personnel	\$1,107,204	\$974,340	\$768,603 *
15	PIC CtrOp Program Non-Personnel	\$464,306	\$408,589	\$322,314 *
16	PIC CtrOp Fiscal/Admin Personnel	\$153,065	\$134,697	\$106,255 *
17	PIC CtrOp Fiscal/Admin Non-personnel	\$66,553	\$58,567	\$46,200 *
18	PIC Rapid Response Program Activities	\$226,994	\$199,755	\$155,600 *
SUBTOTAL: PIC CENTER OPERATION		\$2,018,122	\$1,775,947	\$1,398,972
19	One Stop Affiliate Subcontracts	\$700,000	\$616,000	\$700,000 *
20	New Programs to be procured	\$0	\$0	\$375,000 *
21	Adult and DW Support Services	\$150,000	\$132,000	\$132,000
22	Center Operator Sub-Total, Lines 14-21	\$2,868,122	\$2,523,947	\$2,605,972
<u>Other Contracted Functions</u>				
23	Business and Professional Services	\$50,000	\$44,000	\$50,000 *
24	Older Workers/ASSETS Program	\$150,000	\$132,000	\$140,000 *
24	Contracted subtotal, Lines 1-24	\$6,387,640	\$5,621,123	\$5,784,147
<u>Other Programs</u>				
25	Youth Self-Sufficiency Project	\$0	\$0	\$0
26	MSJP Summer 2007	\$85,000	\$85,000	\$85,000
27	Other Programs	\$0	\$0	\$0
FUNCTIONS RETAINED BY CITY OF OAKLAND DEPARTMENTS AND STAFF				
28	WIB Personnel	\$716,592	\$630,601	\$607,793 *
29	WIB Operations & Maintenance	\$101,500	\$89,320	\$101,500 *
30	City Fiscal	\$88,560	\$77,933	\$88,560 *
SUBTOTAL: CITY LINE ITEMS		\$906,652	\$797,854	\$797,853
TOTAL 2006-07 WIB BUDGET		\$7,379,292	\$6,503,977	\$6,667,000
PROJECTED REVENUE (Exhibit A)		\$6,667,000	\$6,667,000	\$6,667,000
+/- (Surplus/Deficit)		(\$712,292)	\$163,023	\$0

Budget proportion comparison, 05-06 to 06-07

Category	05-06 Budget	06-07 Proposed	% Change
Youth services	\$1,645,000	\$1,529,200	-7%
Business + Professional services	\$150,000	\$50,000	-67%
Affiliate Centers, other Adult direct	\$800,000	\$1,215,000	52%
Adult training and support services	\$635,256	\$528,000	-17%
PIC Center Operations	\$1,900,000	\$1,398,972	-26%
PIC System Admin	\$1,300,000	\$1,147,975	-12%
City Oversight	\$868,214	\$797,853	-8%
TOTAL	\$7,298,470	\$6,667,000	-9%



WIA Adult Efficiency Rates and Client Profiles
2003-04 Program Year, with outcomes through June 30, 2005

Attachment E-2

A	B	C	D	E	F	G	H	I	J	
One-Stop	Total WIA Adult allocation	Of WIA allocation, portion to Intensive Services	Total declared added value contribution	Of added value, portion to Intensive Services	Placement Goal	Placements to date	Actual % of Placement Goal to date	WIA Efficiencies: WIA dollars per placement	WIA+Value Added Efficiencies: All dollars per placement	
PIC Center Operations(2 sites)	\$2,382,031	\$1,119,555	\$1,770,823	\$445,016	122	101	83%	\$11,085	\$15,491	
Enrolled Client Ethnic Profile:	45% African-American		21% Caucasian		6% Latino		29% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	35% Basic Skills deficient			8% Ex-offender		3% Homeless		66% Low income		9% Language barriers
Barriers Summary	26% no barriers			35% 1 barrier		31% 2 barriers		8% 3+ barriers		
English Center	\$60,000	\$28,200	\$828,818	\$50,114	14	12	86%	\$2,350	\$6,528	
Enrolled Client Ethnic Profile:	0% African-American		0% Caucasian		65% Latino		35% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	75% Basic Skills deficient			0% Ex-offender		0% Homeless		65% Low income		65% Language barriers
Barriers Summary	10% no barriers			15% 1 barrier		35% 2 barriers		40% 3+ barriers		
Lao Family	\$60,000	\$28,200	\$250,565	\$25,057	20	24	120%	\$1,175	\$2,219	
Enrolled Client Ethnic Profile:	0% African-American		21% Caucasian		31% Latino		48% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	93% Basic Skills deficient			3% Ex-offender		3% Homeless		83% Low income		76% Language barriers
Barriers Summary	0% no barriers			0% 1 barrier		41% 2 barriers		59% 3+ barriers		
Unity Council	\$60,000	\$28,200	\$50,494	\$17,994	13	15	115%	\$1,880	\$3,080	
Enrolled Client Ethnic Profile:	0% African-American		0% Caucasian		24% Latino		76% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	77% Basic Skills deficient			6% Ex-offender		0% Homeless		71% Low income		35% Language barriers
Barriers Summary	5% no barriers			18% 1 barrier		59% 2 barriers		18% 3+ barriers		
Assets	\$135,000	\$135,000	\$1,164,479	\$0	23	21	91%	\$6,429	\$6,429	
Enrolled Client Ethnic Profile:	82% African-American		12% Caucasian		3% Latino		0% Asian		3% other ethnicities	
Enrolled Client Barrier Profile:	56% Basic Skills deficient			0% Ex-offender		0% Homeless		71% Low income		3% Language barriers
Barriers Summary	15% no barriers			44% 1 barrier		38% 2 barriers		3% 3+ barriers		
TOTAL	\$2,697,031	\$1,339,155	\$4,065,179	\$538,181	192	173	90%	\$7,741	\$10,852	
Enrolled Client Ethnic Profile:	38% African-American		17% Caucasian		14% Latino		31% Asian		0% other ethnicities	
Enrolled Client Barrier Profile:	50% Basic Skills deficient			6% Ex-offender		2% Homeless		69% Low income		22% Language barriers
Barriers Summary	19% no barriers			30% 1 barrier		35% 2 barriers		16% 3+ barriers		